

STATEMENT OF

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Good afternoon Chairman Davis, Ranking Member Waxman and other distinguished members of the committee. I am Emily Murphy, Chief Acquisition Officer of the General Services Administration (GSA). Thank you for inviting me here today to testify on GSA's support of Katrina response and how we at GSA are doing our best to protect the taxpayer's interest in the procurement process in times of urgent need.

GSA's mission is to help Federal agencies better serve the public by offering, at best value, superior workplaces, expert solutions, acquisition services, and management policies. Each year, Federal agencies spend approximately \$300 billion on goods and services in order to meet their missions of service for the American people. GSA, the largest civilian buyer for these agencies, must operate at an optimal level, continually improving internal efficiency, effectiveness and accountability. Over the years, our agency has grown from a product supply organization to one that helps agencies buy sophisticated services, including those that integrate information technology products and services.

As you are aware, Mr. Chairman, GSA supplies a wide range of products and services, including: construction equipment, tools, telephone and information technology to furniture and office supplies. It is through the dedication, effort and expertise of GSA associates in every GSA Region, every GSA Service and every GSA Office that GSA continues to make good progress in meeting the challenge of providing our customer agencies with the excellent acquisition services they need. GSA aggressively responded to the emergency situations created by Katrina.

Let me underscore some of GSA's input and commitment to the relief effort, ranging from contracting personnel to the issuance of fast-track procurement guidance. GSA immediately activated its contingency contracting corps plan supplying contracting officer support from three GSA regions and headquarters, seven days a week, twenty-four hours a day. GSA contracting officers worked alongside FEMA employees to facilitate buying. GSA contracting officers worked long hours under poor working conditions. Acquisition management personnel from my policy office here in Washington set up temporary operations closer to field staff in order to provide needed support. Further, we issued supplemental guidance to our contracting officers to allow them to use procurement flexibilities as necessary. Generally, there were very few cases where GSA associates needed to tap these flexibilities outside of the normal procurement regulations.

In our Office of Commercial Acquisition alone, GSA associates worked nearly 9,500 collective hours in response to Katrina. These associates processed over 1,100 requisitions for items such as: diapers, bottled water, ice, bed sheets, pillows/pillow cases, assorted towels, mass care supplies, blankets, portable restroom facilities, computers, pumps, generators, and tents. GSA associates transferred approximately \$2 million worth of property from excess inventory. Further, GSA provided on-site contracting support which processed 1,000 action requests resulting in 338 contract actions at a value of \$342 million.

As of April 18, 2006, GSA has procured over \$630 million worth of products and services in support of Katrina relief. Of that, over \$483 million or 77% were directly awarded to small businesses. GSA contracting professionals performed

admirably despite difficulties encountered including pressure to execute contracts quickly, poor working conditions, and logistical and communication disruptions left by the Hurricane's destructive path.

As with any emergency response, GSA immediately partners with FEMA. In response to Hurricane Katrina, FEMA activated the National Response Plan by contacting the primary and appropriate agencies associated with Emergency Support Function(s) (ESF). GSA acts as the primary agency for ESF Resource Support (ESF-7), and also plays a major role in providing contracting assistance on behalf of FEMA. GSA employees are the contracting officers working along side of FEMA to acquire needed goods and services and procure workspace. FEMA employees are responsible for defining the requirements, ensuring that requirements are within the FEMA Mission, and certifying the appropriate funds.

Let me briefly share with you a story which highlights GSA's partnership with FEMA and effort to support the Katrina relief.

An example of GSA's cooperation and prompt emergency procurement response occurred on September 1st when GSA received a request to establish as quickly as possible, a 500 operator Call Center in Chicago to support Hurricane Katrina response and recovery efforts. At the time of the Chicago Call Center's creation, FEMA call centers were unable to meet the demand of approximately 50,000 calls a day from Americans in hurricane affected areas. This unprecedented unmet need was receiving national attention in the media and promises from the President of the United States to do whatever was needed to alleviate the problem of unmet telephone response.

On September 2nd GSA leasing specialists signed a letter of intent for 60,000 square feet of space in Chicago. This allowed for \$405,000 of electrical work and an estimated \$280,000 of cabling work to begin over the weekend establishing the call center. Mission assignments were also given to GSA for \$400,000 of equipment and supplies to get the center up and running. GSA associates provided best value contracting support needed for the lease of furniture and equipment, and purchasing of items needed to get the Call Center operational. GSA offices arranged for cabling through SBC that was expedited in short order. The T1 line and other cabling for the Chicago Call Center was installed at the earliest possible date on September 8th and the center was ready to operate the next day.

Team members worked more than 12 hours a day including the weekends to ensure that the call center was operational as quickly as possible. Normal contracting and operational hurdles had to be diligently worked through in an extremely compressed time frame to ensure that Americans affected by the hurricane disasters were receiving timely assistance. The Chicago Call Center ended up handling tens of thousands of calls and significantly contributed to alleviating some of the distress felt by Americans needing assistance from the Federal Government. The Team's efforts in a time of unprecedented demand on Federal resources truly had a positive impact on a national scale.

The expenditure of taxpayer dollars for an expedited relief effort challenged procurement personnel. However, the regulations that govern Federal acquisition allowed for most of the needed flexibility to accomplish the acquisition mission. In response to an Office of Management and Budget (OMB) request for all agencies participating in Hurricane Katrina relief efforts to develop and submit Stewardship Plans, the Office of the Chief Acquisition Officer developed the GSA

Acquisition Stewardship Plan (Plan). This Plan helped ensure prudent stewardship of taxpayer funds for current and future acquisitions in support of Hurricane Katrina rescue and relief operations.

GSA's Acquisition Stewardship Plan mandates procurement management review of all "significant acquisitions" awarded in support of the Hurricane Katrina response and relief efforts. The objective of the review was to ensure contracts were awarded in compliance with applicable procurement regulations, policies, and procedures and that quality and integrity were maintained throughout the acquisition process.

"Significant acquisitions" for the purpose of the Stewardship Plan were defined as:

- (1) Any time and material/labor hour contracts or task orders exceeding \$5M;
- (2) Any sole source and/or urgent and compelling acquisitions exceeding \$500K;
- (3) Any acquisition made in support of the Katrina effort using the Justification for Other Than Full and Competition under FAR 6.302-7;
- (4) Government-wide commercial purchase card transactions exceeding \$15K where the card serves both as method of procurement and payment;
- (5) Simplified Acquisition under the Test Program for Certain Commercial Items exceeding \$5M;
- (6) Letter contracts (undefinitized contract action) exceeding \$500K: or any contract with an estimated value exceeding \$50M;
- (7) Terminations exceeding \$500K; and

(8) Any acquisitions that agency executives or program managers consider risky for any reason, including unusual requirements, lack of information about vendor capability, inexperience with particular acquisition strategies, complexities in the technical requirements or marketplace solutions.

In order to ensure GSA is complying with the existing regulations, and meeting the needs of Federal Agencies in times of national disasters, it is essential to have a well trained acquisition workforce. GSA has conducted a thorough assessment of the skills of our acquisition workforce to determine our ability to achieve acquisition excellence and obtain the best value for the taxpayer and our customers. We have updated several of our course offerings, and are working with the Defense Acquisition University (DAU) on joint training opportunities and a standard curriculum for all Government contracting professionals.

Once the immediate needs were met, GSA next began to gather lessons learned from Katrina. GSA reviewed our operational response efforts that took place before, during and after the storm. Several action items came out of that review and were grouped and documented for future response to such major disasters.

The most comprehensive of these action items is to develop a Standard Operating Procedure (SOP) document or handbook that will include instructions for future responders to review and use. We found a need to know how the subsistence requirements should be met to take care of both evacuees and responders in various situations. In the case of personnel located in the disaster area, GSA personnel performed under the same living conditions as evacuees.

During the initial stages of the response, agency responders were not able to obtain some basic office supplies. In response GSA assembled several kits or “go packs” with some of the key items of supply, necessary forms, contact information and available information on goods and services that might be required. In future emergencies these packs will be placed in several key locations from which responders are likely to be initially deployed. Further we are working with our counterparts at DHS to put in place blanket purchase agreements (BPAs) for several key items, including ambulance services, ice, and water. Information such as this will be included in these “go packs.”

Further, GSA is working with the Department of Defense and the National Aeronautics and Space Administration to update the Government wide procurement regulation to consolidate existing emergency procurement authorities in one area of the regulation. This should facilitate the use of these authorities by procurement professionals working under extreme time sensitive deadlines.

The acquisition officials at GSA take our roles and responsibilities in achieving excellence in the Federal acquisition process seriously. We take seriously the trust placed in us by the Federal agencies that rely on our acquisition expertise to obtain best value. We must fulfill our missions while complying with Federal acquisition policies and regulations that promote full and open competition. We must adhere to the high principles of ethics and integrity. We must take seriously our professionalism and our accountability to our customer agencies, OMB, Congress and, most importantly, to the American taxpayers.

Thank you very much for the opportunity to testify before you here today. I look forward to working with the committee as we continue in our efforts to get the best deal for the taxpayer. I will be happy to answer any questions you might have.